



**To:** Workforce Development Board Chairs  
Workforce Development Board Directors

**From:** Indiana Department of Workforce Development

**Date:** July 11, 2018

**Subject:** Memorandum: Negotiating Local Area Performance Goals for the Workforce Innovation and Opportunity Act (WIOA) Title I Programs for Program Years 2018 and 2019

---

## Purpose

To inform the local Workforce Development Boards (WDB) of the guidelines for negotiating the Workforce Innovation and Opportunity Act (WIOA) Title I performance levels for Program Years (PY) 2018 and 2019.

## References

- WIOA Section 116
- 20 CFR Part 677
- Training and Employment Guidance Letter WIOA No. 9-17

## Content

### *Definition of Terms Related to Performance*

- **Expected levels of performance** are the levels of performance for each primary indicator of performance for each core program submitted by the State in the initial submission of the WIOA Unified or Combined State Plan (State Plan) prior to negotiations.
- **Negotiated levels of performance** are the levels of performance for each primary indicator of performance for each core program, agreed to by the State and the Secretary of Labor and the Secretary of Education (the Secretaries) prior to the start of the program year. These negotiated levels of performance must be incorporated into the Unified or Combined State Plan.
- **Adjusted levels of performance** are the negotiated levels of performance after being revised at the end of the program year using the statistical adjustment model (see below). The statistical adjustment model is run before the program year and after the close of the program year to account for actual economic conditions and characteristics of participants served. The difference between the projected levels of performance, estimated by the U.S. Department of Labor and the State, before and after the program year will yield an adjustment factor. The adjustment factor will be added to the negotiated level of performance to determine the adjusted level of performance.
- **Actual results** are the results reported by a State for each primary indicator of performance for each core program. Actual results will be compared to the adjusted levels of performance at the close of the program year to determine if the State failed to meet the adjusted levels of performance.

- **Baseline indicators** are certain primary indicators of performance that will be used as baseline data to inform the process to determine the negotiated levels of performance in future program years. States will not propose an expected level of performance for baseline indicators in the State Plan submission for PY 2018 and PY 2019 and will not need to come to agreement with the U.S. Department of Labor and the State on negotiated levels of performance. The selection of a certain primary indicator of performance for the designation as a baseline indicator is based on the likelihood of a State having adequate data with which to make a reasonable determination of an expected level of performance and such a designation may vary across core programs. While the U.S. Department of Labor and the State will not use baseline indicators in performance calculations and baseline indicators will not be used to determine if a State failed to meet its adjusted levels of performance for purposes of sanctions, States must collect and report data for all primary indicators of performance, including those that have been designated as "baseline." The performance data reported by States for baseline indicators will serve to support negotiations and to continue to build and refine the statistical adjustment model in future years.
- **Statistical Adjustment Model**, required by WIOA sec. 116(b)(3)(viii), and established by the U.S. Department of Labor and the State, is an objective statistical regression model to be used to make adjustments to the State negotiated levels of performance for actual economic conditions and the characteristics of participants served at the end of the program year. It also is a key factor to be used in arriving at mutual agreement on State negotiated levels of performance.

## ***Background***

Section 116 of WIOA outlines the purpose of performance accountability, which is to establish performance accountability measures that apply across the core programs to assess the effectiveness of the State and Local Areas in achieving positive outcomes for individuals served by WIOA programs. The performance accountability system is critical in assessing the effectiveness of programs, with the goal of ensuring that individuals served attain the skills needed to succeed in the 21<sup>st</sup> century economy.

The performance indicators under WIOA add new employment outcomes on earnings and effectiveness in serving employers, and include educational measures for credential attainment and measurable skill gains. While WIA allowed eligible States to receive incentive awards for exceeding their adjusted levels of performance in Title I and Title II, WIOA eliminates the incentives provision and instead applies sanctions for States that fail to meet their performance targets.

WIOA mandates each State shall negotiate with its federal partners two years of performance outcomes for the first two program years. In addition to the State negotiated levels of performance, WIOA also mandates the State must work with each local WDB to establish performance goals for each WIOA Title I program.

The local WDB, the chief elected official, and the Governor must negotiate and reach agreement on local levels of performance based on the State negotiated levels of performance. In negotiating the local levels of performance, the local board, the chief elected official, and the Governor must make adjustments for the expected economic conditions and expected characteristics of participants to be served in the local area, using the statistical adjustment model developed at the Federal level as a tool. In addition, the statistical adjustment model must be used at the end of the program year to adjust negotiated local levels of performance in order to reflect the actual economic conditions experienced in the local area and the characteristics of participants served.

## ***Performance Indicators***

Under section 116(b)(2)(A) of WIOA, as well as in the statute's implementing regulations in 20 CFR 677.155, there are six primary indicators of performance:

- **Employment Rate - 2<sup>nd</sup> Quarter After Exit:** The percentage of program participants who are in

unsubsidized employment during the second quarter after exit from the program (for title I Youth, the indicator is the percentage of program participants who are in education or training activities, or in unsubsidized employment, during the second quarter after exit from the program);

- **Employment Rate - 4<sup>th</sup> Quarter After Exit:** The percentage of program participants who are in unsubsidized employment during the fourth quarter after exit from the program (for title I Youth, the indicator is the percentage of program participants who are in education or training activities, or in unsubsidized employment, during the fourth quarter after exit from the program);
- **Median Earnings - 2<sup>nd</sup> Quarter After Exit:** The median earnings of program participants who are in unsubsidized employment during the second quarter after exit from the program;
- **Credential Attainment:** The percentage of those participants enrolled in an education or training program (excluding those in on-the-job training (OJT) and customized training) who attain a recognized postsecondary credential or a secondary school diploma, or its recognized equivalent, during participation in or within one year after exit from the program. A participant who has attained a secondary school diploma or its recognized equivalent is included in the percentage of participants who have attained a secondary school diploma or its recognized equivalent only if the participant is also employed or enrolled in an education or training program leading to a recognized postsecondary credential within one year after exit from the program;
- **Measurable Skill Gains:** The percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill gains, defined as documented academic, technical, occupational, or other forms of progress, toward such a credential or employment; and
- **Effectiveness in Serving Employers:** Effectiveness of the core programs in serving employers.

For Program Years 2018 and 2019, the following measures will **not** be included in the local negotiations process:

- Median Earnings Second Quarter after Exit – Youth
- Measurable Skills Gains – Adult, Dislocated Workers, and Youth
- Effectiveness in Serving Employers – Adult, Dislocated Workers, Youth

## ***Negotiation Process***

The Governor, through the Governor's Workforce Cabinet, has completed the state-level negotiations with the U.S. Department of Labor's Employment and Training Administration (U.S. DOL-ETA) Regional Office. The State's final performance levels negotiated with the U.S. DOL-ETA are included in this policy as *Attachment A*. As a next step, the State is required to negotiate performance levels with the local WDBs. The following is the negotiation process that the State will utilize with each WDB:

1. On behalf of the State and the Governor's Workforce Cabinet, the DWD Performance Coordinator will provide each local WDB with the following items:
  - a. Proposed performance goals, which will be the same as the State's performance goals identified in *Attachment A*.
  - b. A Local Area Tool (LAT), which is a tool created by U.S. DOL-ETA with pre-populated local WDB data that will serve as a basis for the performance negotiation process. The LAT is an excel spreadsheet that provides the output of the WIOA mandated Statistical Adjustment Methodology to be used for the performance negotiation process. Instructions on how to use the tool will be provided within the tool.

If the local WDB agrees with the proposed performance levels, they shall submit via email ([policy@dwd.in.gov](mailto:policy@dwd.in.gov)) their acceptance of the proposed performance goals by close of business, **Friday, August 10, 2018**.

2. The local WDB may request an exception to the proposed performance levels by submitting via email ([policy@dwd.in.gov](mailto:policy@dwd.in.gov)) a justification letter for alternative levels<sup>1</sup> by close of business, **Friday, August 10, 2018**. Once the exception letter is received, it will be reviewed and a consideration process will convene, if necessary. The justification for exception shall include the following:
  - a. The local economic conditions that are impacting the local areas' ability to meet the State's proposed levels.
  - b. Demographics of participants being served by the local area, that are not represented in the Statistical Adjustment Methodology and describe the extent to which these characteristics impact local performance.
  - c. The extent to which the locally proposed numbers assist the local areas in meeting the goals established under the Government Performance and Results Act (GPRA).
  - d. Any additional information that the local area develops that will support their request for exception case for not accepting the State's proposed performance levels.
3. Each local WDB will receive a letter confirming acceptance of their performance levels by **September 7, 2018**. The local WDB shall include these performance levels in their WIOA local workforce development plans.

Action	Deadline
Local Performance Negotiation Guidance Issued to Local WDBs	July 11, 2018
Distribution of Local Area Tools and additional performance information to each local WDB	July 11, 2018
Local Performance Negotiation Information Call 1 – 2p.m. (details forthcoming)	July 20, 2018
Deadline to submit acceptance or exception letter to Proposed Performance Goals	August 10, 2018
Time for Consideration of Alternative Level (if exception letter submitted)	August 13 – August 31, 2018
Finalization of Performance Goals: Acceptance letter emailed to the local WDBS	September 7, 2018

## Action

Each local WDB must submit via email ([policy@dwd.in.gov](mailto:policy@dwd.in.gov)) their acceptance or exception letter to the proposed performance goals by close of business on **August 10, 2018**.

## Contact for Questions

[policy@dwd.in.gov](mailto:policy@dwd.in.gov)

<sup>1</sup> Proposed levels of performance must be stated to the nearest tenth of a percent (XX.X%) or to the nearest whole dollar for median earnings.

## **Attachments**

**A** – Indiana Negotiated Performance Levels under the Workforce Innovation and Opportunity Act for Program Years 2018 and 2019

## Attachment A

### Indiana Negotiated Performance Levels under the Workforce Innovation and Opportunity Act for Program Years 2018 and 2019

WIOA Performance Levels Negotiated with Region 5 U.S. DOL-ETA		
Performance Indicator	Negotiated Level	
	PY 2018	PY 2019
<b>ADULT</b>		
Employment Rate 2 <sup>nd</sup> Quarter after Exit	76%	77%
Employment Rate 4 <sup>th</sup> Quarter after Exit	73%	74%
Median Earnings 2 <sup>nd</sup> Quarter after Exit	\$5,600	\$5,600
Credential Attainment within 4 Quarters after Exit	50%	52%
Measurable Skills Gain	Baseline	Baseline
Effectiveness of Core Programs Serving Employers	Baseline	Baseline
<b>DISLOCATED WORKERS</b>		
Employment Rate 2 <sup>nd</sup> Quarter after Exit	76%	76%
Employment Rate 4 <sup>th</sup> Quarter after Exit	74%	75%
Median Earnings 2 <sup>nd</sup> Quarter after Exit	\$6,700	\$7,000
Credential Attainment within 4 Quarters after Exit	47%	48%
Measurable Skills Gain	Baseline	Baseline
Effectiveness of Core Programs Serving Employers	Baseline	Baseline
<b>YOUTH</b>		
Employment Rate 2 <sup>nd</sup> Quarter after Exit	73%	74%
Employment Rate 4 <sup>th</sup> Quarter after Exit	71%	71%
Median Earnings 2 <sup>nd</sup> Quarter after Exit	Baseline	Baseline
Credential Attainment within 4 Quarters after Exit	59%	62%
Measurable Skills Gain	Baseline	Baseline
Effectiveness of Core Programs Serving Employers	Baseline	Baseline
<b>WAGNER PEYSER*</b>		
Employment Rate 2 <sup>nd</sup> Quarter after Exit	68%	68%
Employment Rate 4 <sup>th</sup> Quarter after Exit	65%	66%
Median Earnings 2 <sup>nd</sup> Quarter after Exit	\$5,000	\$5,250

\*These metrics will not be negotiated with the local WDBs.